

TRAINING AND EMPLOYMENT NOTICE	NO. 18-04
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TO: ALL STATE WORKFORCE AGENCIES
ALL STATE WORKFORCE LIAISONS

FROM: *Maria K. Flynn*
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SUBJECT: Release and Availability of *ETA Occasional Paper 2005-02: "The Effects of Customer Choice: First Findings from the Individual Training Account Experiment"*

1. Purpose. To announce the release and availability of the *ETA Occasional Paper 2005-02: "The Effects of Customer Choice: First Findings from the Individual Training Account (ITA) Experiment."*

2. Background. The Workforce Investment Act provides a great deal of flexibility to states and local areas in the area of training for employment, including (1) setting the monetary value and other parameters of individual training accounts (ITAs), and (2) deciding how much guidance One-Stop counselors will provide to customers in the formulation of training decisions. This paper describes the early findings of an experiment on the use of ITA's in the One-Stop system. The ITA Experiment was designed to explore how different counseling approaches affect customer choices. It also shows how the varied approaches generate different training outcomes, including employment and earnings outcomes and, most importantly, customer satisfaction.

A summary of the key findings from the ITA Experiment include:

- Counselors tended to be reluctant in being direct with their counseling and instead generally deferred to customer preferences.
- Customers rarely requested counseling when it is made voluntary.
- Participation in required counseling activities discouraged participation in ETA-funded training.
- Customers were most likely to select training at a private school but some were significantly more likely than others to choose a technical or community college.
- Occupations that customers chose across each approach were remarkably similar.

3. Publication Description. This interim report explains the three approaches being tested in the eight sites and how they were used. The findings on the implementation of each ITA approach

are explained. Estimates of the relative impacts of each approach on the receipt of counseling, training choices, and costs of WIA training are provided. The relative impacts on final outcomes—employment, earnings, and customer satisfaction—will be presented in the final report.

The approaches tested in this experiment include:

- ***Approach 1 (Structured Customer Choice).*** Counselors were to steer customers to high-return training, and to deny other training choices. Although the structured customer choice is the most directive of the three approaches, it was not always implemented in practice. Counselors were reluctant to be directive in their counseling and tended to defer to customer preferences. Counselors failed to steer these customers to high-return training, (long-term employment and higher incomes) and were reluctant to deny training to customers. This was true in all eight sites: Phoenix, AZ; Maricopa County, AZ; Bridgeport, CT; Jacksonville, FL; Atlanta, GA; Northeast Region, GA; North Cook County, IL; and Charlotte, NC; for both dislocated worker and adult customers.
- ***Approach 2 (Guided Customer Choice).*** The guided customer approach is one that was implemented as planned at all sites. This approach is the most similar to the one used before the experiment in all sites and was the one counselors felt most comfortable implementing. This would be the easiest approach for the other sites to adopt. All demonstration sites adopted this approach; mandatory counseling but less intensive than under Approach 1. Counselors cannot reject customers' choices if the provider selected is on the eligible training provider list (ETP). Customers receive a fixed ITA award.
- ***Approach 3 (Maximum Customer Choice).*** Customers have voluntary access to counseling but are not required to participate in any activities. Counselors in all sites adhered to the requirements, that is, to offer help to customers but to provide assistance only when the customers requested it. Customers received a fixed ITA award, equal to the award under Approach 2, and could choose any program on the ETP list.

Based on these intermediate outcomes, the researchers' analyses suggest that the ITA approaches (as implemented) influenced customers' receipt of counseling and their likelihood of receiving an ITA. However, the approaches do not appear to have had a large impact on customers' training choices. Impacts will not be known until the final report is completed. From that report, data will be used from a survey of the study participants and state administrative data to answer questions about how customers fared after receiving their ITAs or choosing to forgo ITA-funded training. Findings from the final report will assist policymakers in local workforce investment areas with more definitive evidence about the best approach or approaches to administering ITAs.

To view an abstract of this publication as well as to download the full report as a PDF, visit the ETA Occasional Paper series Web site at: <http://www.doleta.gov/reports/searcheta/occ/>